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Federal Ministry
for the Environment, Climate Action,
Nature Conservation and Nuclear Safety

KEY OUTCOMES OF THE 19TH MEETING OF THE ARTICLE 6.4 SUPERVISORY BODY (SBM 019)

29-30 October 2025

Online meeting

Main outcomes

- Adopted the first PACM methodology, "A6.4-AMM001: Flaring or use of landfill gas", as well as three related methodological tools:
  - "Methodological tool: Emissions from solid waste disposal sites"
  - "Methodological tool: Project emissions from flaring"
  - "Methodological tool: Mass flow of a greenhouse gas in a gaseous stream"
- Adopted the "Methodological tool: Investment analysis", operationalizing the investment analysis requirements of the PACM's standard on additionality demonstration.

First PACM methodology adopted

The first approved PACM methodology, “A6.4-AMM001: Flaring or use of landfill gas”, is a revised CDM methodology (originally: “ACM0001: Flaring or use of landfill gas”). This revision is part of the SBM/MEP “top-down” methodology revision process – i.e., updating CDM methodologies to fit the PACM’s more stringent requirements.

KEY CHANGES FROM CDM TO PACM:

- The expanded scope now covers upgrading landfill gas to biomethane for direct consumer supply - not just electricity generation.
- It includes two options on baseline setting – historical emissions data or BAT – as well as procedures to identify which of the two baseline approaches to use in each component of an activity (i.e., for the methane component, the electricity generation component, the heat generation component, and the supply of LFG or biomethane to consumers component).
- Activity baselines are adjusted downwards over time, as per the PACM standard on baseline setting; flaring-only projects may face stricter adjustments under A6.4-AMM001 (with some relief options), to encourage innovation.
- Lock-in risk assessment required for projects at active landfills still receiving waste.
- Updated emission and electricity calculations:
  - More conservative default factors.
  - Two monitoring options: direct flux measurement or conservative defaults.
  - Accounting for measurement uncertainty.
  - Conservative interim emission factors provided until the MEP finalizes additional tools related to electricity generation from renewables.

A6.4-AMM001: Flaring or use of landfill gas

METHODOLOGY DISCUSSIONS AT SBM 019

The SBM had short discussions mostly focusing on clarifications on how the methodology deals with:

- Accounting frameworks used to ensure the avoidance of double counting (whether the expression “accounting frameworks” used in the methodology was inclusive of national greenhouse gas inventories or not).
- Investment analysis.
- The technologies used for monitoring (on-site equipment vs. the benefits of aerial/remote monitoring) and related measurement uncertainties.
- The transparency of the MEP’s decisions, especially on how the conservative interim emission factors from the electricity generated and consumed were defined.

Ultimately, the methodology was adopted without any changes. The MEP emphasized that stakeholder comments were addressed, which are captured in an explanatory note.

What's next on methodologies?

A6.4-AMM001 is currently only applicable at the project level. The MEP was tasked with updating it to be applicable to other activity scales as well (i.e., programmatic approaches, large-scale crediting programs). This can only happen once other relevant PACM standards are updated to other activity scales as well (for example, the standards on additionality, baseline setting, and non-permanence), and once additional operational guidance is developed (e.g., a planned concept note on large-scale crediting programs).

The SBM and MEP discussed ongoing work on other methodologies and related tools, specifically the work on two CDM methodologies on grid-connected renewable electricity generation (ACM0002 and AMS-I.D) and their related tools, including a tool on calculating emission factors for an electricity system. The MEP projects these to be ready for SBM approval at the first meeting of the SBM next year, in February 2026.

Investment Analysis Tool

A new piece of the additionality demonstration puzzle under the PACM was adopted at SBM 019

- The A6.4 standard “Demonstration of additionality in mechanism methodologies” (A6.4-STAN-METH-003) (adopted in February 2025) provides an overview of approaches A6.4 activity participants can use to demonstrate the additionality of an activity as well as the requirements for using each approach: regulatory analysis, lock-in risk analysis, investment analysis, barrier analysis, common practice analysis, and performance-based approaches.

- MEP 008 prepared the draft tool on investment analysis for consideration at SBM 019, and addressed stakeholder comments received on it.

- The new tool adopted by SBM 019, “6.4-AMT-002: Methodological tool: Investment analysis”, draws on the CDM tool on investment analysis and is updated to be in line with existing PACM guidance and providing detailed requirements, processes, and calculations for conducting an investment analysis.

Types of investment analyses

- The investment analysis tool includes the following types of analyses:
  - (a) Simple cost analysis: Demonstrating that the implementation of an A6.4 activity involves costs and that the activity does not generate any cost savings or revenues other than from A6.4ERs.
  - (b) Investment comparison analysis: Comparing the financial attractiveness of the A6.4 activity with alternatives.
  - (c) Benchmark analysis: Comparing the financial attractiveness of the A6.4 activity with a financial benchmark.
- The tool also contains country-specific default values on the cost of equity for determining the financial benchmark in investment analysis.

Discussions on demonstrating that an A6.4 activity is not financially viable without A6.4ERs

- The main discussion focused on two options on how to demonstrate that an A6.4 activity is not financially viable without revenues from A6.4ERs, presented to the SBM by the MEP:

OPTION 1:

Demonstrate that an A6.4 activity is not financially viable in the absence of revenues from A6.4ERs and demonstrate that such revenues make the determining difference in increasing the financial performance of the Article 6.4 activity.

OPTION 2:

Demonstrate that an A6.4 activity is not financially viable in the absence of revenues from A6.4ERs.

The SBM went with neither option, landing on a more openly worded approach. The final text requires activity participants to provide "credible evidence" that the incentive from A6.4ERs is needed to enable the implementation of the Article 6.4 activity.

Follow-up steps on investment analysis

- The SBM asked the MEP to review how projects demonstrate that financial incentives provided by A6.4ERs enable project implementation, including best practices under other carbon crediting programs on how credible evidence should be given.

- The SBM mandated the MEP to:
  - Annually revise the investment analysis tool to incorporate the most recent data on the cost of equity.
  - Conduct further work to assess whether the country-specific default values for the cost of equity could be differentiated between sectors or types of mitigation activities and, if feasible, to revise the tool accordingly.

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